
Exhibit A



2023 ANNUAL REPORT



About PulteGroup, Inc.

PulteGroup, Inc. (NYSE: PHM), based in Atlanta, Georgia, is one of America's largest homebuilding companies with operations in more than 45 markets throughout the country. Through its brand portfolio that includes Centex, Pulte Homes, Del Webb, DiVosta Homes, American West and John Wieland Homes and Neighborhoods, the company is one of the industry's most versatile homebuilders able to meet the needs of multiple buyer groups and respond to changing consumer demand. PulteGroup's purpose is building incredible places where people can live their dreams.

For more information about PulteGroup, Inc. and PulteGroup brands, go to pultegroup.com; pulte.com; centex.com; delwebb.com; divosta.com; jwhomes.com; and americanwesthomes.com. Follow PulteGroup, Inc. on Twitter: @PulteGroupNews.

PulteGroup's Annual Letter to Owners, Customers, Team Members and Business Partners

For more than a decade, we have worked to position PulteGroup in alignment with our strategic goal of delivering high returns over the housing cycle. Benefitting from long-term planning and short-term tactical actions associated with this work, I am pleased to say that PulteGroup reported record revenues and earnings per share in 2023. Given that 2023 proved to be yet another year of volatile macroeconomic conditions, I am even more proud of what the PulteGroup team accomplished.

Over the course of 2023, the Federal Reserve continued its actions to rein in widespread and rapidly accelerating cost inflation. Core to the Federal Reserve's efforts was a series of interest rate increases beginning in 2022 that ultimately raised the Federal Funds Rate tenfold and pushed 30-year mortgage rates from 3.2% in 2022 to a cycle peak of approximately 8.0% in October 2023. While such dramatic increases in mortgage rates make homebuying more difficult for consumers, PulteGroup successfully navigated the year's more challenging market dynamics to deliver exceptional operating and financial results.

In an operating environment where the Federal Reserve was slowing the U.S. economy by increasing benchmark interest rates in response to inflation, we were focused on selling homes and turning our assets. With rising interest rates making it more expensive for consumers to purchase homes, we found ways to lower costs and improve overall affordability for our homebuyers. Rather than just drop prices across the board, we implemented targeted incentive programs designed to address each buyer's specific needs. By far, our most successful incentive was a rate buydown program that could lower a homebuyer's mortgage rate by as much as two full percentage points for the 30-year life of the mortgage. In addition to helping the consumer significantly lower their monthly payment, such rate buydown programs offered a competitive advantage when selling against our biggest competitor: existing homes.

Through the strategic use of rate buydowns and other incentive programs, we successfully delivered 28,603 homes in 2023, and generated record home sale revenues of \$15.6 billion. It is important to highlight that our deliveries reflect the tremendous efforts of our homebuilding operations to reduce construction cycle times, which had ballooned from our historic 90 days due to global supply chain disruptions in 2021 and 2022. Average cycle times, which peaked at approximately 170 days in the first quarter of 2023, were lowered to 135 days by the fourth quarter of 2023. We are working hard to reduce cycle times to 100 days or lower by the end of 2024.

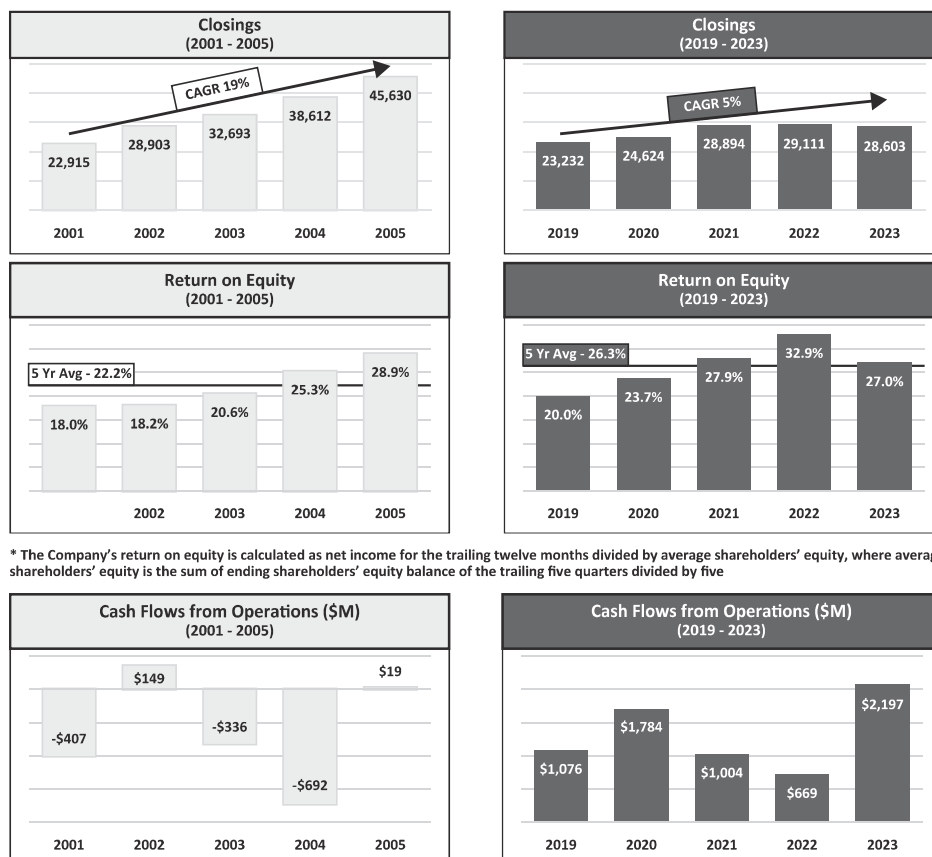
The dramatic rise in interest rates created a much more competitive selling environment, so it was critical that we remained balanced and disciplined in executing our day-to-day operations. We wanted to turn our assets, but avoid slashing prices. We wanted to maintain production, but not have excess standing inventory that we would have to liquidate. In the end, I think we got the balance right, as we sold almost 29,000 homes, while reporting among the industry's highest gross and operating margins of 29.3% and 20.9%, respectively. The success of our approach can be seen clearly in our bottom line results of \$2.6 billion of net income, and earnings of \$11.72 per diluted share.

Beyond the strength of our income statement, I would highlight that \$2.6 billion of net income yielded \$2.2 billion of free cash flow from operations that was put to good use for our shareholders in 2023:

- We invested \$4.3 billion in land acquisition and development, as we continued to increase our control of critical land resources;
- We paid out over \$142 million in dividends and raised our dividend payout by 25% per share effective January 2024. This marks the eighth increase in our dividend over the past decade;
- We repurchased \$1.0 billion of stock and, since 2013, have now bought back almost 50% of our shares;
- We took advantage of interest rate volatility to retire approximately \$100 million of our senior notes, helping to lower our leverage and ultimately cutting interest expense dollars in our costs even further;
- And finally, we ended the year with \$1.8 billion in cash and have successfully dropped our leverage to its lowest level in decades.

The past few years have seen an unprecedented series of challenging events as we have managed through COVID, a collapse of the global supply chain, surging inflation, and most recently, rising interest rates. Through it all, we have remained focused on driving high returns and consistent cash flows. The accompanying charts tell the story of a vastly improved business model we have been executing since 2012.

The charts below depict our financial metrics during the 5-year spans of 2001 to 2005 and 2019 to 2023, both periods of strong housing demand and meaningful growth in our homebuilding operations. In contrast to two decades ago, during our most recent five years of operations, we managed to a slower growth trajectory but delivered higher returns and significantly stronger cash flows, the latter being used to help fund \$19 billion of land investment over the past five years, along with the return of \$4.1 billion to shareholders through dividends and share repurchases.



We believe today's PulteGroup offers a sustainable business that can be valued more highly by investors. A business model that is generating significant positive cash flow, while still investing for growth, is a key driver of a more highly valued business.

The State of Housing Market

The math surrounding the U.S. housing industry is as straightforward as it is compelling. Between population growth and product obsolescence, industry experts say the housing industry needs to start approximately 1.5 million homes to meet our country's annual housing need. Relative to this number, residential new construction has underbuilt by a cumulative 4.9 million homes over the past 20 years. Given current market dynamics around the limited availability of buildable lots, unwillingness of municipalities to allow increased density, and generally tight conditions across the labor market, it appears there is not an obvious path to meaningfully reduce this shortfall.

Overlaying this fundamental shortage of housing stock is a new dynamic resulting from the significant increase in mortgage rates in 2022 and 2023. Following years of consumers acquiring or refinancing into low interest rate mortgages, approximately 80% of all outstanding mortgages now have a rate of 4% or lower. With mortgage rates currently hovering above 7%, existing homeowners are “locked in” to their current mortgages and are financially unable or emotionally unwilling to sell their current homes because the step up in monthly payments would likely be significant. The limited supply of existing homes coming to market is evident as annual existing home sales have fallen from 6.1 million in 2021, to 5.0 million in 2022, and most recently to only 4.1 million in 2023.

Beyond this favorable supply/demand imbalance, there are several company-specific factors that I believe put PulteGroup in an excellent position to continue growing its business and generating strong financial results.

First, we continue to expand our operating platform, having recently announced our entry into the state of Utah. This is just our newest market, as we have leveraged established operating teams to enter a number of adjacent markets over the past few years, including the Triad area of North Carolina; Greenville and Columbia, South Carolina; Denver, Colorado; and Portland, Oregon. Our market expansions have been greenfield startups, but we do look at M&A as a way to accelerate the expansion process.

Second, we controlled ~223,000 lots at the end of 2023, of which 53% were held via land options which give us the right to purchase the underlying lots at a set future time and price. Structured properly, such lot options can enhance returns and, as important, help mitigate market risk. For example, when rising interest rates cooled buyer demand in 2022, we chose to walk away from approximately 40,000 optioned lots rather than complete transactions and invest billions of dollars under highly uncertain market conditions.

With our plans to invest an expected \$5.0 billion in land acquisition and development in 2024, we are not only working to increase the size of our land pipeline in support of future growth, but we are also working to be more asset efficient by increasing our use of lot options. We have set a long-term goal of controlling as much as 70% of our land through lot options and have already established the land-banking platform required to capture the incremental 20 percentage points. Successfully executing this plan could increase future returns by making our balance sheet more efficient. For example, our invested capital balance at the end of 2023 could have been reduced by approximately \$1.0 billion if 70% of our land bank had been optioned.

And finally, we will continue to purposefully maintain what is arguably the industry’s most diversified consumer base. In 2023, 39% of PulteGroup’s closings were to first-time buyers; 36% of our deliveries were to move-up buyers; and 25% of our deliveries were to active-adult buyers. History has demonstrated that buyer groups behave differently in response to changes in the broader economy. We believe our diversification helps us to better navigate the housing cycle, while overall financial results are enhanced by the different return characteristics and profitability profiles associated with each buyer group.

Because We’re Not Insane

Albert Einstein is often cited for having said, “*The definition of insanity is doing the same thing over and over and expecting different results.*” For decades, we operated a typical homebuilding model that consumed cash and increased financial leverage to support rapid growth during the up leg of the housing cycle, only to reverse the process when housing demand slowed. This rollercoaster approach rarely delivered high returns and the unwinding process on the downside could create a level of financial stress for the business and investors.

Over the past five years, PulteGroup has delivered compounded annual growth in diluted EPS of 34%, and an average annual return on equity of 26%, all accomplished while cutting our debt level to historic lows and generating unprecedented cash flows from operations totaling \$6.7 billion. For the past decade, we have articulated a strategy that seeks high returns and looks to deliver strong financial results over the course of the entire housing cycle. Our business certainly is not immune to changes in the economic cycle, but we believe we continue to position the business to deliver a higher and more consistent level of business performance.

As of the writing of this letter, the S&P 500 trades at a forward price-to-earnings (PE) ratio of ~21, while PulteGroup and the other leading public homebuilders trade at a PE closer to 10. It remains our expectation that by continuing to deliver growth and returns, while maintaining a strong financial profile, we have an opportunity to begin closing this valuation gap and driving even greater value for our shareholders.

We have entered 2024 with market expectations that interest rates have peaked for the current economic cycle, although there remains much debate as to when and how quickly the Federal Reserve will begin lowering rates. Based on our research and current demand levels, we believe that the desire for homeownership remains high among all segments of the population. We have also seen that even small declines in interest rates can quickly stimulate buyer activity, so we remain confident in the prospects for continued strength in the U.S. housing market. With our extensive geographic operating footprint and unmatched product portfolio, we believe PulteGroup is exceptionally well positioned to meet buyer demand in 2024 and the years beyond.

In closing, I want to thank our entire organization for working through the myriad of challenges in 2023, as well as the preceding three years since the initial impact of COVID, to deliver outstanding operating and financial results. I also want to acknowledge their heartfelt commitment to taking care of our customers and each other, which is the core of our culture.

Their commitment, and that of our valued suppliers and trade partners, is so clearly reflected in our Built to Honor program through which we provide mortgage free homes to wounded servicemen and women. B2H, which celebrated its 10-year anniversary in 2023, has already gifted 80 homes to deserving veterans and their families.

This desire to serve others and do the right thing remain at the core of PulteGroup's culture. A culture that again placed PulteGroup among the Fortune 100 Best Companies to Work For. I remain incredibly proud to work with such an amazing team of people.



Sincerely,

A handwritten signature in dark ink, appearing to read "Ryan Marshall". The signature is fluid and cursive, with a large initial "R" and "M".

Ryan Marshall
President & CEO